

AUSTRIAN TREATY NEGOTIATIONS

I. At the Moscow conference (April 11-15)

Austria and the Soviet Union agreed to⁹ make a separate agreement on the economic terms of the State Treaty, which would supercede the reparation terms found in Article 35 of draft treaty.

A. Under new agreement, USSR would:

liquidate all its economic holdings in Austria.

B. In turn, the Austrians would:

1. Ship 1 million tons of oil a year to the USSR annually for 10 years, in payment for the return of oil property.

2. Pay the equivalent of 150 million dollars in goods, in six equal annual installments, for the immediate return of the estimated 240 industrial and commercial businesses now controlled by Soviet Enterprises in Austria. (USIA).

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3. Pay the USSR 2 million dollars

for the return of the Danube
Shipping Company assets in the
Soviet Zone.

II. The Western Powers in current negotiations
are aiming to include the Austro-Soviet
bilateral agreement in the Treaty. This
would be done by:

Substituting Moscow agreement for
Article 35,~~or~~

B. Making it an annex to the Treaty,
referred to in Article 35,~~or~~
~~using~~ referring to the Agreement in Article 35,
in order to include agreement in the
treaty mechanism for the settlement
of disputes over interpretations of the
treaty (Article 57).

III. Essence of dispute is:

A. The Western powers fear that they have
no means of insuring that the USSR will
abide by the terms of the bilateral
agreement unless some reference such
~~SECRET~~